



Dave Yost • Auditor of State

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended June 30, 2011	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



Dave Yost • Auditor of State

Ohio Association of Community Colleges
Franklin County
175 South Third Street, Suite 560
Columbus, Ohio 43215-7106

To the Members of the Governing Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 30, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ohio Association of Community Colleges
Franklin County
175 South Third Street, Suite 560
Columbus, Ohio 43215-7106

To the Members of the Governing Board:

We have audited the accompanying financial statements of the Ohio Association of Community Colleges, Franklin County, Ohio (the Association) as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Association has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Association's larger (i.e. major) funds separately. While the Association does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Association to reformat their statements. The Association has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended June 30, 2011 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Association as of June 30, 2011, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Ohio Association of Community Colleges, Franklin County, Ohio, as of June 30, 2011, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Association adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The Association has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2012, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

April 30, 2012

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Fund Types		
	General	Special Revenue	Total Governmental Funds
Cash Receipts:			
Membership Dues	\$ 591,210		\$ 591,210
Intergovernmental		\$ 73,773	73,773
Charges for Services	110,398		110,398
Donations and Contributions		35,200	35,200
Earnings on Investments	1,253		1,253
Miscellaneous	4,320	48,613	52,933
Total Cash Receipts	<u>707,181</u>	<u>157,586</u>	<u>864,767</u>
Cash Disbursements:			
Salaries and Benefits	409,404	139,437	548,841
Professional Services	179,942	186,975	366,917
Operations	63,061	3,452	66,513
Equipment, Maintenance & Repair	15,272	6,500	21,772
Financial Aid		24,000	24,000
Food Service	34,107	16,866	50,973
Miscellaneous	13,430	33	13,463
Total Cash Disbursements	<u>715,216</u>	<u>377,263</u>	<u>1,092,479</u>
	-		
Total Cash Receipts Over Cash Disbursements	(8,035)	(219,677)	(227,712)
Cash Balances, July 1	<u>357,851</u>	<u>735,630</u>	<u>1,093,481</u>
Cash Balances, June 30			
Unassigned	349,816	112	349,928
Restricted		515,841	515,841
Cash Balances, June 30	<u>\$ 349,816</u>	<u>\$ 515,953</u>	<u>\$ 865,769</u>

See the accompanying notes to the financial statements.

This page intentionally left blank.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Ohio Association of Community Colleges (the Association) was established pursuant to Section 167.01, Revised Code, as a regional council of governments consisting of community, state community, and technical colleges. The purpose of the Association is to establish a cooperative working arrangement among the trustees and presidents of the member colleges to assist them in carrying out their official duties and responsibilities in furtherance of the legitimate public purposes of the colleges, as follows:

- To disseminate and exchange information regarding and affecting state-assisted community, state community, and technical colleges in the State of Ohio;
- To promote action for the common good of all member colleges;
- To provide and/or promote opportunities for leadership development and the continuing education of the boards of trustees of the member colleges;
- To promote the goals, objectives, and related activities of the Association; and
- To promote public understanding of the role of Ohio's state-assisted community, state community, and technical colleges.

Governing Board

The Association is governed by a Governing Board made up of one trustee designated by each college board of trustees to serve as a delegate and the president of each such college.

The Governing Board consists only of community college districts existing and operating under Ohio Revised Code Chapter 3354, technical college districts existing and operating under Ohio Revised Code Chapter 3357, and/or state community college districts existing and operating under Ohio Revised Code Chapter 3358.

Executive Committee

The Executive Committee acts on behalf of the Association and/or the Governing Board in the interim between meetings of the Board. The Executive Committee is comprised of the officers of the Governing Board, the Legislation Committee Chairperson, the Trustee Education Committee Chair person, one member Trustee, and one member President.

Legislation Committee

The Legislation Committee makes recommendations to the Association's Governing Board on all matters pertaining to the community college advocacy effort at the state and national levels. It is comprised of eight members (four trustees and four presidents).

Trustee Education Committee

The Trustee Education Committee makes recommendations to the Association's Governing Board on all efforts aimed at strengthening and improving community college trusteeship. It is comprised of eight members (four trustees and four presidents).

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

Blended Component Unit – Center for Development

In February 2010, the Association formed the Center for Development (the Center), a 501(c)(3) not-for-profit corporation. The Directors are comprised of at least eight and no more than twenty members. Three of the Directors are individuals serving in the positions of Chair-Elect, Vice Chair-Elect and President of the Association. The remaining Directors are elected by the Association's Directors and are divided as equally as possible into three classes. The Center was formed for charitable, educational purposes and to support the activities of the Association. The funding is derived from soliciting and accepting grants from sources, including the general public, foundations, corporations, and governmental entities. The Center is reported as a special revenue fund in the accompanying financial statements.

The Association's management believes these financial statements present all activities for which the Association is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

During 2011, the Association implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" which revises the accounting for fund equity on the financial statements and is effective for 2011.

C. Cash and Investments

Investments are included in fund cash balances. All investments are with Star Ohio.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Association uses fund accounting to segregate cash and investments that are restricted as to use. The Association classifies its fund into the following type:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

Ohio Board of Regents (OBR) Grant – This grant from the Ohio Board of Regents provides funds for program development and support in support of the Strategic Plan for Higher Education 2008 – 2017.

Ohio College Access Network Grant – This grant from the Ohio College Access Network (OCAN) provides funds for the creation and implementation of the OACC Center for Development.

OBR DEI Grant - This grant from the OBR provides funds for the development of an agenda and the calling of meetings of the Ohio Developmental Initiative Policy Team and routine convening of the five Ohio DEI colleges.

NAM Project Grant - This grant from Lorain County Community College provides funds for the development and completion of a map of assets useful to state-wide deployment of the NAM-Endorsed Skills Certification System.

OBR Apprenticeship Grant - This grant from the OBR provides funds for the completion of the early adopter apprenticeship program (Electrical Trades) for state-wide articulation and transfer as well as the marketing and completion of products and processes to constituents and to initiate additional trades for state-wide articulation and transfer.

E. Fiscal Agent

Lakeland Community College became the Association's fiscal agent on July 1, 2010. Association funds are maintained as a separate entity on the College's accounts.

F. Budgetary Process

The Association is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Bylaws of the Association require the Treasurer to prepare an annual budget for the General Fund and the Center for Development and present it to the Governing Board for approval.

A summary of 2011 budgetary activity appears in Note 3.

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Association must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Association classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Association must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Association's Board or an Association official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Association applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2. CASH AND INVESTMENTS

The Association invests all of its funds in STAR Ohio. The carrying amount of investments at June 30, were as follows:

	<u>2011</u>
Investment - STAR Ohio	\$865,769

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2011 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 677,042	\$ 707,181	(\$30,139)
Center for Development	275,000	223,700	51,300

During the fiscal year, the Ohio College Access Network (OCAN) Grant Fund – Special Revenue Fund Type transferred \$187,500 to the Center for Development – Special Revenue Fund Type.

2011 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 677,042	\$ 715,216	(\$38,174)
Center for Development	275,000	223,588	51,412

4. RETIREMENT SYSTEMS

The Association's employees belong to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Ohio Revised Code Chapter 3309.

The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within rates allowed by the State. For 2011, members of SERS contributed 10% of their wages to SERS. The Association contributed an amount equal to 14% of their wages. The Association has paid all contributions required through June 30, 2011.

5. RISK MANAGEMENT

Commercial Insurance

The Association has obtained commercial insurance for comprehensive property and general liability. The Association also provides health, dental, vision, and life insurance coverage to eligible employees through private carriers.

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Ohio Association of Community Colleges
Franklin County
175 South Third Street, Suite 560
Columbus, Ohio 43215-7106

To the Members of the Governing Board:

We have audited the financial statements of the Ohio Association of Community Colleges, Franklin County, Ohio, (the Association) as of and for the year ended June 30, 2011, and have issued our report thereon dated April 30, 2012, wherein we noted the Association followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Association adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Association's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Association's management in a separate letter dated April 30, 2012.

We intend this report solely for the information and use of management and members of the Governing Board, and others within the Association. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

April 30, 2012



Dave Yost • Auditor of State

OHIO ASSOCIATION OF COMMUNITY COLLEGES

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 15, 2012